

Segment Outlook:

Cowry Financial Markets Review, Outlook & Recommended Stocks

ECONOMY: Inflation Rises to 34.80% in December, Defies CBN's Tightening Measures

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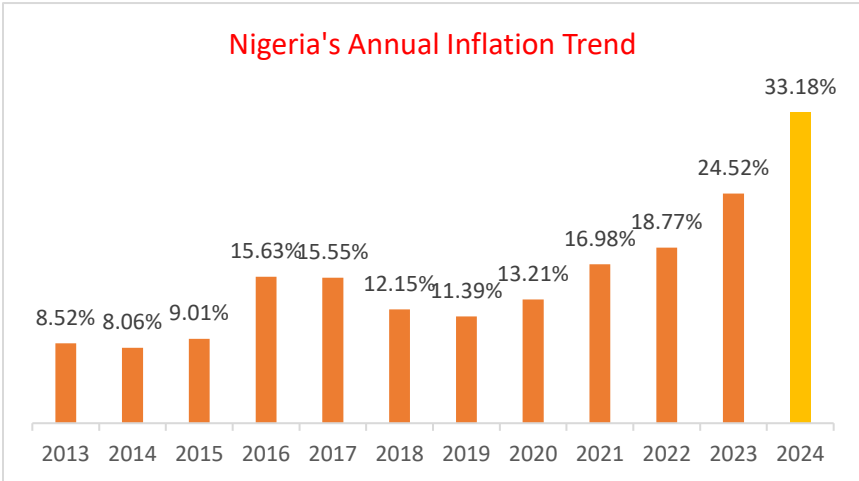
The National Bureau of Statistics (NBS) is set to conclude the rebasing of Nigeria's Consumer Price Index (CPI) by the end of January 2025, marking a significant update to the methodology used in tracking changes in price trends. The new framework will see the adoption of 2024 as the base year, replacing the outdated 2009 base year. This shift reflects the considerable evolution of Nigeria's economy over the past 15 years, accounting for changes in household consumption patterns, the structure of the economy, and the impacts of global and domestic economic developments.

EQUITIES MARKET: Local Bourse in Yo-Yo as Sell-Pressure Wipe N1.45 trillion from Investors Wallet.....

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ECONOMY: Inflation Rises to 34.80% in December, Defies CBN's Tightening Measures

Nigeria's latest Consumer Price Index (CPI) report reveals a marginal increase in inflationary pressures, with the Headline inflation rate rising to 34.80% year-on-year in December 2024 from 34.60% in November. This 0.20% increase was fueled by heightened demand for goods and services during the festive season, and brings the full-year average to 33.18% in 2024 from 24.52% in 2023. Compared to December 2023, when the inflation rate was 28.92%, the December 2024 figure represents a sharp 5.87% points rise, deepening the strain on households and businesses amid Nigeria's cost-of-living challenges. On a month-on-month basis, the inflation rate eased slightly to 2.44% in December 2024, down from 2.64% in November, signaling the impact of the tight monetary stance of the central bank.



The Food index continues to be a dominant driver of the inflationary pressures as it rose to 39.84% year-on-year, an increase of 5.91 percentage points compared to the 33.93% recorded in December 2023. This sharp rise was driven by significant price increases in key food categories, including Yam, Water Yam, Sweet Potatoes, and other tubers; Beer and Pinto (Tobacco Class); Guinea Corn, Maize Grains, and Rice (Bread and Cereals Class); as well as Dried Fish such as Sardine and Catfish.

On a month-on-month basis, Food inflation eased slightly to 2.66%, a 0.32% decline from the 2.98% recorded in November. This moderation is attributed to a decrease in the average prices of Local Beer, Fruit Juice, Malt Drinks, Rice, Millet, Maize Flour, and tubers like Water Yam and Irish Potatoes. Additionally, the imported food inflation eased for the first time since September 2019 to 41.29% in December 2024 from 42.29% in the prior month. although, it exerted minimal impact on the headline reading, we note that this deceleration comes from ease in naira volatility in the month, less incentive to import food items due to the expensive pricing of FX, and the introduction of the 150-day window import duty waiver on essential food items.

The Core inflation rate, which excludes the prices of volatile agricultural produce and energy, stood at 29.28% year-on-year, marking a significant increase of 6.21 percentage points compared to the 23.06% recorded in December 2023. The largest price increases were observed in items such as Taxi and Bus journeys, local restaurants, haircuts, women's hairdressing, and women's handbags, travel bags, and suitcases. Month-on-month, the core inflation index maintained its upward trend as it rose to 2.24%, up by 0.41% from the 1.83% recorded in November. The average twelve-month Core inflation rate for the year ending December 2024 was 27.15%, reflecting a 6.39 percentage point increase from the 20.76% recorded in December 2023, a reflection of the upward pressure on non-food and energy-related items.

Inflation trends across states in December 2024 varied significantly. Bauchi, Sokoto, and Kebbi saw the highest year-on-year headline inflation rates at 44.06%, 42.43%, and 41.47%, respectively, while Katsina, Delta, and Imo recorded the lowest rates, with figures of 28.33%, 29.23%, and 29.99%, respectively. On a month-on-month basis, Kogi, Cross River, and Sokoto had the sharpest increases in headline inflation, with rates of 5.40%, 4.38%, and 4.29%, respectively. Conversely, Yobe, Kano, and Abuja experienced a decline in inflation rates, with figures of -1.82%, -0.57%, and -0.02%, respectively.

Regional disparities were also evident in food inflation. Sokoto recorded the highest year-on-year food inflation at 57.47%, followed by Zamfara at 46.39% and Edo at 46.32%. Meanwhile, Ogun, Rivers, and Kwara experienced the slowest food inflation growth, with rates of 34.24%, 35.43%, and 35.58%, respectively. On a month-on-month basis, the steepest increases in food inflation were observed in Kogi (6.53%), Sokoto (6.21%), and Cross River (5.90%). In contrast, Yobe, Kano, and Abuja recorded declines in food inflation at -3.21%, -1.29%, and -0.79%, respectively.

Persistent inflation in 2024 underscored Nigeria's structural challenges, including inadequate infrastructure, high energy costs, and logistical inefficiencies. Despite the Central Bank of Nigeria's (CBN) tight monetary policy stance, including a benchmark interest rate hike to 27.50% in November, inflationary pressures remained resilient.

The National Bureau of Statistics (NBS) is set to conclude the rebasing of Nigeria's Consumer Price Index (CPI) by the end of January 2025, marking a significant update to the methodology used in tracking changes in price trends. The new framework will see the adoption of 2024 as the base year, replacing the outdated 2009 base year. This shift reflects the considerable evolution of Nigeria's economy over the past 15 years, accounting for changes in household consumption patterns, the structure of the economy, and the impacts of global and domestic economic developments.

One key aspect of the rebasing is the proposed re-weighting of inflationary components in the CPI basket. To this, items such as food prices, electricity, gas, and other fuels are expected to have a lesser influence on the overall headline inflation figure under the revised methodology. This recalibration aims to provide a more accurate representation of current spending habits and living costs.

EQUITIES MARKET: Local Bourse in Yo-Yo as Sell-Pressure Wipe N1.45 trillion from Investors Wallet.....

This week, the local bourse experienced a notable downturn, with the benchmark index falling by 2.94% week on week, closing at 102,353.68 points. The decline was primarily driven by widespread sell-offs across most sectors, with the exception of the consumer goods space. Market sentiment throughout the week remained mixed, with both buying and selling activities taking place, reflecting the uncertainty investors are currently grappling with. This period of volatility was spurred by portfolio realignment, as market participants reassessed their positions in light of the latest macroeconomic data, particularly the consumer price inflation report for December 2024, which showed inflation at a concerning 34.80%.

As a result of the sell-offs, the market capitalization of listed equities saw a 2.26% decrease, amounting to a loss of N1.45 trillion, bringing the total market value down to N62.85 trillion. Also, trading activity this week was notably weak, as evidenced by a significant 41.4% drop in the weekly traded volume, which fell to 2.25 billion units. The traded value also saw a decline of 18.1%, totaling N58.83 billion. A total of 63,650 trades were executed during the week, further indicating subdued market participation.

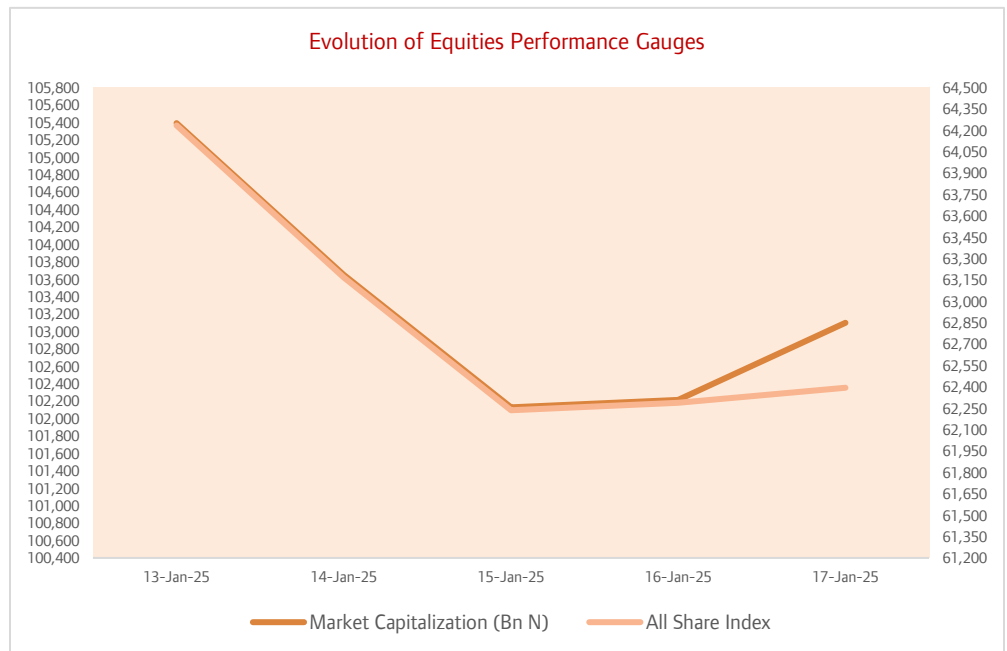
Sectoral performance this week was lackluster, with four out of the five sectors under observation closing in negative territory. The NGX-Consumer Goods index was the only exception, posting a positive gain of 1.33% week on week. This was largely driven by investor interest in major stocks such as NNFM, NEIMETH, DANGSUGAR, and NASCON. On the contrary, the NGX-Industrial and NGX-Insurance sectors suffered the steepest declines, losing 8.20% and 6.23% week on week, respectively.

The downturn in these sectors was primarily due to sell-offs in key bellwethers such as DANCEM, JULIUS BERGER, UNIVINSURE, and SOVRENINS. The NGX-Oil & Gas and NGX-Banking sectors also experienced losses, though to a lesser extent, with declines of 0.78% and 0.46% week on week, respectively. This was attributed to negative price movements in stocks like ARADEL, MRS, FBNH, and WEMABANK.

The week also saw notable movements in specific stocks. On the positive side, stocks such as NEIMETH, SCOA, NNFM, LIVESTOCK, and DANGSUGAR attracted significant attention from investors, registering impressive gains of up to 31.4%, 20.4%, 19.5%, 17.6%, and 16.7%, respectively. On the other hand, there were significant losses in stocks like UNIVINSURE, ROYALEX, REGALINS, SOVRENINS, and DANGCEM, which saw declines of up to 19.2%, 18.3%, 17.8%, 16.7%, and 16.5%, respectively.

Looking forward, it is anticipated that the market may experience a mixed performance in the coming week. While some degree of bargain hunting is expected as investors search for attractive entry points, much of the direction will be shaped by the anticipated earnings reports and the broader macroeconomic outlook.

Despite the challenges presented by this week's market pullbacks, which were largely driven by profit-taking and sell-offs, there may be buying opportunities for discerning investors. These opportunities are especially apparent for those who are looking to capitalize on low valuations and market volatility ahead of the upcoming Q4 earnings season. The combination of mixed macroeconomic data and a series of anticipated economic events, such as the upcoming Monetary Policy Committee (MPC) meeting, is likely to continue influencing market dynamics. In this environment, it is crucial for investors to focus on stocks with strong fundamentals, as these are more likely to weather the current economic challenges and offer better long-term prospects.



Weekly Gainers and Loser as at Friday, January 17, 2025

Top Ten Gainers				Bottom Ten Losers			
Symbol	17-Jan-25	10-Jan-25	% Change	Symbol	17-Jan-25	10-Jan-25	% Change
NEIMETH	3.43	2.61	31.4%	UNIVINSURE	0.63	0.78	-19.2%
SCOA	2.48	2.06	20.4%	ROYALEX	0.89	1.09	-18.3%
NNFM	54.45	45.55	19.5%	REGALINS	0.74	0.90	-17.8%
LIVESTOCK	5.94	5.05	17.6%	SOVRENINS	1.10	1.32	-16.7%
DANGSUGAR	38.50	33.00	16.7%	DANGCEM	400.00	478.80	-16.5%
NASCON	37.65	32.50	15.8%	DAARCOMM	0.74	0.88	-15.9%
CAP	44.00	38.00	15.8%	WAPIC	2.22	2.64	-15.9%
OANDO	71.80	62.50	14.9%	LEARNAFRCA	4.99	5.79	-13.8%
UPL	5.05	4.45	13.5%	ABCTRANS	1.07	1.23	-13.0%
UACN	36.00	32.00	12.5%	TANTALIZER	2.27	2.60	-12.7%

Weekly Stock Recommendations as at Friday, January 17, 2025

Stock	Current EPS	Forecast EPS	BV/S	P/B Ratio	P/E Ratio	52 WKs' High	52 WKs' Low	Current Price	Price Target	Short term Stop Loss	Short term Take Profit	Potential Upside	Recommendation
GTCO	38.41	43.53	94.00	0.62	1.51x	58.75	32.35	58.00	74.9	49.3	66.7	29.14	Buy
DANGSUGAR	-15.18	-13.15	8.74	4.64	-2.67x	80.2	28	38.50	57.6	34.4	46.6	42.17	Buy
MTN NIGERIA	-24.48	-25.78	-27.32	-8.53	-9.52x	319.8	178	233.00	310.0	198.1	268.0	33.05	Buy
ETERNA PLC	0.12	0.10	2.80	9.98	243x	34	11.15	27.95	39.1	23.8	32.1	39.89	Buy
GUINNESS PLC	-5.55	-22.22	-4.57	-15.33	-12.60x	80.00	42.05	70.00	87.0	59.5	80.5	24.29	Buy

FGN Eurobonds Trading Above 8% Yield as at Friday, January 17, 2025

FGN Eurobonds	Issue Date	TTM (years)	17-Jan-25 Price (N)	Weekly USD Δ	17-Jan-25 Yield	Weekly PPT Δ
7.625 21-NOV-2025	21-Nov-18	0.84	99.88	0.32	7.8%	-0.35
6.50 NOV 28, 2027	28-Nov-17	2.86	95.42	0.41	8.3%	-0.17
6.125 SEP 28, 2028	28-Sep-21	3.70	91.39	0.60	8.9%	-0.19
8.375 MAR 24, 2029	24-Mar-22	4.18	97.15	0.15	9.2%	-0.09
7.143 FEB 23, 2030	23-Feb-18	5.10	91.23	0.33	9.4%	-0.05
8.747 JAN 21, 2031	21-Nov-18	6.01	97.01	0.38	9.4%	-0.09
7.875 16-FEB-2032	16-Feb-17	7.08	91.22	0.23	9.6%	-0.09
7.375 SEP 28, 2033	28-Sep-21	8.70	86.51	0.05	9.7%	0.01
7.696 FEB 23, 2038	23-Feb-18	13.11	82.41	0.02	10.2%	-0.05
7.625 NOV 28, 2047	28-Nov-17	22.88	77.31	0.11	10.2%	0.00
9.248 JAN 21, 2049	21-Nov-18	24.03	91.57	0.20	10.2%	-0.01
8.25 SEP 28, 2051	28-Sep-21	26.71	80.71	0.03	10.4%	0.00

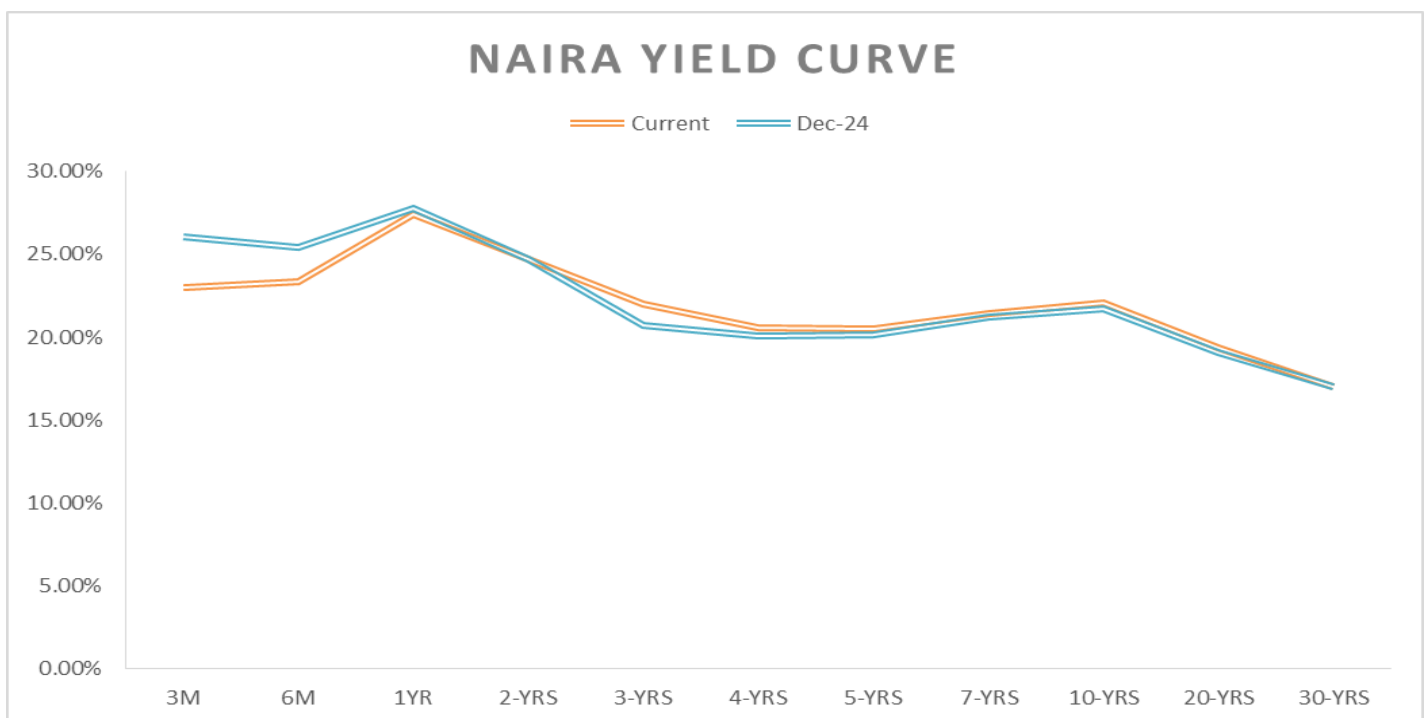
U.S.-dollar foreign-exchange rates as at 4:30 PM GMT+1, Friday, January 17, 2025

MAJOR	17-Jan-25	Previous	Δ from Last	Weekly	Monthly	Yearly
EURUSD	1.0280	1.0303	-0.22%	0.39%	-0.69%	-5.45%
GBPUSD	1.2174	1.2241	-0.55%	-0.25%	-3.17%	-4.16%
USDCHF	0.9139	0.9113	0.28%	-0.39%	1.38%	5.24%
USDRUB	102.1986	102.4547	-0.25%	0.46%	-2.35%	14.30%
USDNGN	18.8041	18.8041	0.00%	0.34%	0.04%	74.03%
USDZAR	18.8041	18.8041	0.00%	-1.60%	2.55%	-0.73%
USDEGP	50.3894	50.3491	0.08%	-0.23%	-0.80%	63.36%
USDCAD	20.81	20.8422	-0.16%	0.10%	-0.07%	7.06%
USDMXN	20.81	20.8422	-0.16%	0.48%	2.19%	21.40%
USDBRL	6.08	6.0502	0.50%	-0.38%	-3.24%	23.56%
AUDUSD	0.5568	0.5614	-0.82%	0.48%	-0.71%	-6.03%
NZDUSD	0.5568	-0.0600	-0.82%	0.30%	-2.58%	-8.87%
USDJPY	7.3569	7.3474	0.13%	-1.34%	0.63%	5.07%
USDCNY	7.3569	7.3474	0.13%	-0.11%	0.42%	1.95%
USDINR	86.6270	86.5924	0.04%	0.50%	1.80%	4.16%

Global Commodity Prices as at 3:30 PM GMT+1, Friday, January 17, 2025

Commodity		17-Jan-25	Previous	Δ from Last	Weekly	Monthly	Yearly
CRUDE OIL	USD/Bbl	78.3	78.7	-0.50%	2.31%	11.88%	6.10%
BRENT	USD/Bbl	80.8	81.3	-0.59%	1.23%	10.02%	2.08%
NATURAL GAS	USD/MMBtu	4.0	9.8	-6.18%	0.40%	18.70%	66.38%
GASOLINE	USD/Gal	2.1	2.1	0.08%	2.01%	9.61%	-12.12%
COAL	USD/T	114.7	114.4	0.22%	-0.91%	-12.01%	-11.43%
GOLD	USD/t.oz	2,704.9	2,714.6	-0.36%	0.80%	4.60%	33.84%
SILVER	USD/t.oz	30.2	30.8	-1.97%	-0.43%	3.16%	32.98%
WHEAT	USD/Bu	538.1	537.5	0.12%	1.06%	-0.90%	-8.39%
PALM-OIL	MYR/T	4,193.0	4,182.1	0.26%	-4.55%	-7.44%	7.65%
COCOA	USD/T	11,073.6	10,464.6	5.82%	5.52%	-11.58%	150.02%

FGN Bonds Yield Curve, Friday January 17, 2025





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